

CREDIT FACILITY AGREEMENT

dated as of 2020

between

AGENCE FRANÇAISE DE DEVELOPPEMENT

The Lender

and

GEORGIA

The Borrower

TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATION.....	6
1.1	Definitions.....	6
1.2	Interpretation.....	6
2.	FACILITY, PURPOSE AND CONDITIONS OF UTILISATION	6
2.1	Facility.....	6
2.2	Purpose.....	6
2.3	Absence of Liability	6
2.4	Conditions precedent.....	6
3.	DRAWDOWN OF FUNDS.....	7
3.1	Drawdown amounts.....	7
3.2	Drawdown request.....	7
3.3	Payment completion.....	7
3.4	Payment mechanics	7
4.	INTEREST	7
4.1	Interest Rate.....	7
4.2	Calculation and payment of interest.....	9
4.3	Late payment and default interest.....	9
4.4	Communication of Interest Rates	10
4.5	Effective Global Rate (<i>Taux Effectif Global</i>).....	10
5.	CHANGE TO THE CALCULATION OF INTEREST.....	10
5.1	Market Disruption	10
5.2	Replacement of Screen Rate.....	11
6.	FEES	12
6.1	Commitment fees	12
6.2	Appraisal Fee.....	12
7.	REPAYMENT	13
8.	PREPAYMENT AND CANCELLATION.....	13
8.1	Voluntary prepayment.....	13
8.2	Mandatory prepayment.....	13
8.3	Cancellation by the Borrower.....	14
8.4	Cancellation by the Lender.....	14
8.5	Restrictions	14
9.	ADDITIONAL PAYMENT OBLIGATIONS.....	15
9.1	Costs and expenses.....	15
9.2	Cancellation Indemnity	15
9.3	Prepayment Indemnity	15
9.4	Taxes and duties	15
9.5	Additional Costs	16
9.6	Currency indemnity	16
9.7	Due dates	16
10.	REPRESENTATIONS AND WARRANTIES.....	17
10.1	Power and authority.....	17
10.2	Validity and admissibility in evidence	17
10.3	Binding obligations	17
10.4	No filing or stamp taxes	17
10.5	Transfer of funds	18
10.6	No conflict with other obligations.....	18

10.7	Governing Law and Enforcement	18
10.8	No Default	18
10.9	No Misleading Information	18
10.10	Pari Passu Ranking	18
10.11	Origin of funds, Acts of Corruption, Fraud and Anti-Competitive Practices	18
10.12	No Material Adverse Effect	19
11.	UNDERTAKINGS.....	19
11.1	Compliance with Laws; Regulations and Obligations	19
11.2	Authorisations	19
11.3	Implementation and Preservation of the Program	19
11.4	Environmental and Social Responsibility	19
11.5	Pari Passu Ranking	20
11.6	Monitoring Missions and Inspections	20
11.7	Program Evaluation	20
11.8	Program Implementation	21
11.9	Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices	21
12.	INFORMATION UNDERTAKINGS.....	21
12.1	Financial Information	21
12.2	Progress Report	21
12.3	Program Implementation	22
12.4	Additional Information	22
13.	EVENTS OF DEFAULTS	22
13.1	Events of Default	22
13.2	Acceleration	23
13.3	Notification of an Event of Default	24
14.	ADMINISTRATION OF THE FACILITY	24
14.1	Payments	24
14.2	Set-off	24
14.3	Business Days	24
14.4	Currency of payment	25
14.5	Day count convention	25
14.6	Place of payment	25
14.7	Payment Systems Disruption	25
15.	MISCELLANEOUS	26
15.1	Language	26
15.2	Certifications and determinations	26
15.3	Partial invalidity	26
15.4	No Waiver	26
15.5	Assignment	26
15.6	Legal effect	27
15.7	Entire agreement	27
15.8	Amendments	27
15.9	Confidentiality – Disclosure of information	27
15.10	Limitation	27
15.11	No hardship	28
16.	NOTICES	28
16.1	In writing and addresses	28
16.2	Delivery	28
16.3	Electronic communications	29

17.	GOVERNING LAW, ENFORCEMENT AND CHOICE OF DOMICILE	29
17.1	Governing Law	29
17.2	Arbitration	29
17.3	Service of process.....	30
18.	DURATION	30
	SCHEDULE 1A – DEFINITIONS	30
	SCHEDULE 1B - INTERPRETATION	38
	SCHEDULE 2 - PROGRAM DESCRIPTION	39
	SCHEDULE 3 - INDICATIVE POLICY MATRIX.....	41
	SCHEDULE 4 - CONDITIONS PRECEDENT	45
	SCHEDULE 5A - FORM OF DRAWDOWN REQUEST	47
	SCHEDULE 5B - FORM OF CONFIRMATION OF DRAWDOWN AND RATE	49
	SCHEDULE 5C - FORM OF RATE CONVERSION REQUEST	50
	SCHEDULE 5D - FORM OF RATE CONVERSION CONFIRMATION	51
	SCHEDULE 6 - INFORMATION THAT MAY BE PUBLISHED ON THE FRENCH GOVERNMENT WEBSITE AND THE LENDER’S WEBSITE	52
	SCHEDULE 6.1 TRANSACTION INFORMATION NOTICE.....	53

CREDIT FACILITY AGREEMENT

BETWEEN:

(A) **GEORGIA**,

represented by Mr. Ivane MATCHAVARIANI, in his capacity as the Minister of Finance of Georgia, who is duly authorized to sign this Agreement

("Georgia" or the "Borrower");

AND

(B) **AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Ms. Gaëlle Assayag, in her capacity as Director for the South Caucasus of the French Development Agency, duly authorised to sign this Agreement,

("AFD" or the "Lender");

(hereinafter jointly referred to as the "**Parties**" and each a "**Party**");

WHEREAS:

- (A) The Borrower intends to improve its social welfare system through specific measures defined in a policy matrix (the "Program"), as described further in Schedule 2 (*Program Description*) and Schedule 3 (*Indicative Policy Matrix*).
- (B) The Borrower has requested that the Lender makes a facility available for the purposes of financing the Program.
- (C) Pursuant to a resolution n°C2020XXXX of the Board of Directors (*Conseil d'administration*) dated 7th May2020, the Lender has agreed to make the Facility available to the Borrower pursuant to the terms and conditions of this Agreement.

Commented [AG1]: @ MoF: to be indicated after Board approval

THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised words and expressions used in this Agreement (including those appearing in the recitals above and in the Schedules) shall have the meaning given to them in Schedule 1A (Definitions), except as otherwise provided in this Agreement.

1.2 Interpretation

Words and expressions used in this Agreement shall be construed pursuant to the provisions of Schedule 1B (*Interpretation*), unless the contrary intention appears.

2. FACILITY, PURPOSE AND CONDITIONS OF UTILISATION

2.1 Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Facility in a maximum aggregate amount of seventy million Euros (EUR 70,000,000).

2.2 Purpose

The purpose of the Facility is to finance the Borrower budget intended to implement the Program as described in Schedule 2 (*Program Description*) and in accordance with the policy matrix described in Schedule 3 (*Indicative Policy Matrix*).

2.3 Absence of Liability

The Lender shall not be held responsible for the use of any amount borrowed which is not in accordance with the provisions of this Agreement.

2.4 Conditions precedent

- (a) No later than the Signing Date, the Borrower shall provide to the Lender all of the documents set out in Part I of Schedule 4 (*Conditions Precedent*).
- (b) A Drawdown Request may not be delivered to the Lender unless:
 - (i) the Lender has received all of documents listed in Part II of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance;
 - (ii) on the date of the Drawdown Request and on the proposed Drawdown Date for the Drawdown, no Payment Systems Disruption Event has occurred and the conditions set out in this Agreement have been fulfilled, including:
 - (1) no Event of Default is continuing or would result from the proposed Drawdown;
 - (2) the Drawdown Request has been made in accordance with the terms of Clause 3.2 (*Drawdown request*);
 - (3) each representation given by the Borrower in relation to Clause 10 (*Representations and warranties*) is true.

3. DRAWDOWN OF FUNDS

3.1 Drawdown amounts

The Facility will be made available to the Borrower during the Availability Period, in one (1) single Drawdown.

The amount of the proposed Drawdown shall be seventy million Euros (EUR 70,000,000).

3.2 Drawdown request

Provided that the conditions set out in Clause 2.4(b) (*Conditions precedent*) are satisfied, the Borrower may draw on the Facility by delivery to the Lender of a duly completed Drawdown Request. The Drawdown Request shall be delivered by the Borrower to the AFD head office Director - Eastern Europe, Middle East, Asia Department at the address specified in Clause 16.1 (*In writing and addresses*).

The Drawdown Request is irrevocable and will be regarded as having been duly completed if:

- (a) the Drawdown Request is substantially in the form set out in Schedule **Error! Reference source not found.** (*Error! Reference source not found.*);
- (b) the Drawdown Request is received by the Lender at the latest fifteen (15) Business Days prior to the Deadline for Drawdown;
- (c) the proposed Drawdown Date is a Business Day falling within the Availability Period;
- (d) the amount of the Drawdown complies with Clause 3.1 (*Drawdown amounts*); and
- (e) all of the documents set out in Part II of Schedule 4 (*Conditions Precedent*) for the purposes of the Drawdown are attached to the Drawdown Request, comply with the abovementioned Schedule and with the requirements of Clause 3.4 (*Payment mechanics*), and are in form and substance satisfactory to the Lender.

3.3 Payment completion

Subject to Clause 14.7 (*Payment Systems Disruption*), if each of the conditions set out in Clause 2.4(b) (*Conditions precedent*) of this Agreement has been met, the Lender shall make the requested Drawdown available to the Borrower not later than the Drawdown Date.

The Lender shall provide the Borrower with a letter of Drawdown confirmation substantially in the form set out in Schedule **Error! Reference source not found.** (*Error! Reference source not found.*).

3.4 Payment mechanics

The proceeds of the Drawdown shall be paid to the Borrower's Account or any other account which details will be duly notified by the Borrower to the Lender.

4. INTEREST

4.1 Interest Rate

4.1.1 Selection of Interest Rate

The Borrower may select a fixed Interest Rate or a floating Interest Rate for the Drawdown, which shall apply to the amount set out in the relevant Drawdown Request, by stating the selected Interest

Rate, i.e., fixed or floating, in the Drawdown Request delivered to the Lender substantially in the form set out in Schedule 5A (*Form of Drawdown Request*), subject to the following conditions:

(i) Floating Interest Rate

The Borrower may select a floating Interest Rate, which shall be the percentage rate per annum, being the aggregate of:

- six-month EURIBOR, or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause **Error! Reference source not found.** (*Error! Reference source not found.*) of the Agreement; and
- the Margin.

Notwithstanding the above, in the case of the first Drawdown, if the first Interest Period is less than one hundred and thirty-five (135) days, the applicable EURIBOR shall be:

- one-month EURIBOR, or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause **Error! Reference source not found.** (*Error! Reference source not found.*) of the Agreement, if the first Interest Period is less than sixty (60) days; or
- three-month EURIBOR, or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause **Error! Reference source not found.** (*Error! Reference source not found.*) of the Agreement if the first Interest Period is between sixty (60) days and one hundred and thirty-five (135) days.

(ii) Fixed Interest Rate

The Borrower may select a fixed Interest Rate, which shall be the Fixed Reference Rate increased or decreased by any fluctuation of the Index Rate from the Signing Date until the relevant Rate Setting Date.

The Borrower may specify in the Drawdown Request a maximum amount for fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for fixed Interest Rate specified in the relevant Drawdown Request, such Drawdown Request shall be cancelled and the Drawdown amount specified in the cancelled Drawdown Request shall be credited to the Available Credit.

4.1.2 Minimum Interest Rate

The Interest Rate determined in accordance with Clause 4.1.1 (*Selection of Interest Rate*) shall not be less than zero point twenty-five per cent (0.25%) per annum, notwithstanding any decline in the Interest Rate.

4.1.3 Conversion from a floating Interest Rate to a fixed Interest Rate

The floating Interest Rate applicable to the Drawdown shall be converted to a fixed Interest Rate in accordance with the conditions set out below:

(i) Rate Conversion upon the Borrower's request

The Borrower may request at any time that the Lender converts the floating Interest Rate applicable to the Drawdown to a fixed Interest Rate.

To this effect, the Borrower shall send to the Lender a Rate Conversion Request substantially in

the form set out in Schedule **Error! Reference source not found. (Error! Reference source not found.)**. The Borrower may specify in the Rate Conversion Letter a maximum amount for fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for fixed Interest Rate specified by the Borrower in the Rate Conversion Request, such Rate Conversion Request will be automatically cancelled.

The fixed Interest Rate will be effective two (2) Business Days after the Rate Setting Date.

(ii) Rate Conversion mechanic

The fixed Interest Rate applicable to the Drawdown shall be determined in accordance with clause 4.1.1 (ii) (*Fixed Interest Rate*) above on the Rate Setting Date referred to in subparagraph (i) above.

The Lender shall send to the Borrower a letter of confirmation of Rate Conversion substantially in the form set out in Schedule **Error! Reference source not found. (Error! Reference source not found.)**.

A Rate Conversion is final and at no costs.

4.2 Calculation and payment of interest

The Borrower shall pay accrued interest on the Drawdown on each Payment Date.

The amount of interest payable by the Borrower on a relevant Payment Date and for a relevant Interest Period shall be equal to the sum of any interest owed by the Borrower on the amount of the Outstanding Principal in respect of the Drawdown. Interest owed by the Borrower in respect of the Drawdown shall be calculated on the basis of:

- (i) the Outstanding Principal owed by the Borrower in respect of the relevant Drawdown as at the immediately preceding Payment Date or, in the case of the first Interest Period, on the corresponding Drawdown Date;
- (ii) the exact number of days which have accrued during the relevant Interest Period on the basis of a three hundred and sixty (360) day year; and
- (iii) the applicable Interest Rate determined in accordance with the provisions of Clause 4.1 (*Interest Rate*).

4.3 Late payment and default interest

- (a) Late payment and default interest on all amounts due and unpaid (except for interest)

If the Borrower fails to pay any amount payable by it to the Lender under this Agreement (whether a payment of principal, a Prepayment Indemnity, any fees or incidental expenses of any kind except for any unpaid overdue interest) on its due date, interest shall accrue on the overdue amount, to the extent permitted by law, from the due date up to the date of actual payment (both before and after an arbitral award, if any) at the Interest Rate applicable to the current Interest Period (default interest) increased by three point five per cent (3.5%) (late-payment interest). No formal prior notice from the Lender shall be necessary.

- (b) Late payment and default interest on unpaid overdue interest

Interest which has not been paid on its due date shall bear interest, to the extent permitted by law, at the Interest Rate applicable to the ongoing Interest Period (default interest), increased by three point five per cent (3.5%) (late-payment interest), to the

extent that such Interest has been due and payable for at least one (1) year. No formal prior notice from the Lender shall be necessary.

The Borrower shall pay any outstanding interest under this Clause 4.3 (*Late payment and default interest*) immediately on demand by the Lender or on each Payment Date following the due date for the outstanding payment.

- (c) Receipt of any payment of late payment interest or default interest by the Lender shall neither imply the grant of any payment extension to the Borrower, nor operate as a waiver of any of the Lender's rights hereunder.

4.4 Communication of Interest Rates

The Lender shall promptly notify the Borrower of the determination of each Interest Rate in accordance with this Agreement.

4.5 Effective Global Rate (*Taux Effectif Global*)

In order to comply with Articles L. 313-1, L.313-2 and R.313-1 *et seq.* of the French Consumer Code and L. 313-4 of the French Monetary and Financial Code, the Lender informs the Borrower, and the Borrower accepts, that the effective global rate (*taux effectif global*) applicable to the Facility may be valued at an annual rate of XXpoint XX cent (%) on the basis of a three hundred and sixty-five (365) day year, and an Interest Period of six (6) months, subject to the following:

Commented [SV2]: @ MOF: to be determined a few days before the signature.

- (a) the above rate is given for information purposes only;
- (b) the above rate is calculated on the basis that:
 - (i) drawdown of the Facility is in full on the Signing Date;
 - (ii) no Drawdown made available to the Borrower will bear interest on the floating rate; and
 - (iii) the fixed rate for the duration of the facility should be equal to point per cent (%);
- (c) the above rate takes into account the commissions and costs payable by the Borrower under this Agreement, assuming that such commissions and costs will remain fixed and will apply until the expiry of the term of this Agreement.

Commented [SV3]: @ MoF: to be determined a few days before the signature

5. **CHANGE TO THE CALCULATION OF INTEREST**

5.1 Market Disruption

- (a) If a Market Disruption affects the interbank market in the Eurozone and it is impossible:
 - (i) for the fixed Interest Rate, to determine the fixed Interest Rate applicable to a Drawdown, or
 - (ii) for the variable Interest Rate, to determine the applicable EURIBOR for the relevant Interest Period,the Lender shall inform the Borrower.
- (b) Upon the occurrence of the event described in paragraph (a) above, the applicable Interest Rate, as the case may be, for the relevant Drawdown or for the relevant Interest Period will be the sum of:

- (i) the Margin; and
- (ii) the percentage rate per annum corresponding to the cost to the Lender of funding the relevant Drawdown(s) from whatever source it may reasonably select. Such rate shall be notified to the Borrower as soon as possible and, in any case, prior to (1) the first Payment Date for interest owed under such Drawdown for the fixed Interest Rate or (2) the Payment Date for interest owed under such Interest Period for the variable Interest Rate.

5.2 Replacement of Screen Rate

5.2.1 Definitions:

"Relevant Nominating Body" means any central bank, regulator, supervisor or working group or committee sponsored or chaired by, or constituted at the request of any of them.

"Screen Rate Replacement Event" means any of the following events or series of events:

- (a) the definition, methodology, formula or means of determining the Screen Rate has materially changed;
- (b) a law or regulation is enacted which prohibits the use of the Screen Rate, it being specified, for the avoidance of doubt, that the occurrence of this event shall not constitute a mandatory prepayment event;
- (c) the administrator of the Screen Rate or its supervisor publicly announces:
 - (i) that it has ceased or will cease to provide the Screen Rate permanently or indefinitely, and, at that time, no successor administrator has been publicly nominated to continue to provide that Screen Rate;
 - (ii) that the Screen Rate has ceased or will cease to be published permanently or indefinitely; or
 - (iii) that the Screen Rate may no longer be used (whether now or in the future);
- (d) a public announcement is made about the bankruptcy of the administrator of that Screen Rate or any other insolvency proceedings against it, and, at that time, no successor administrator has been publicly nominated to continue to provide that Screen Rate; or
- (e) in the opinion of the Lender, the Screen Rate has ceased to be used in a series of comparable financing transactions.

"Screen Rate" means EURIBOR or, following the replacement of this rate by a Replacement Benchmark, the Replacement Benchmark.

"Screen Rate Replacement Date" means:

- with respect to the events referred to in items a), d) and e) of the above definition of Screen Rate Replacement Event, the date on which the Lender has knowledge of the occurrence of such event, and,
- with respect to the events referred to in items b) and c) of the above definition of Screen Rate Replacement Event, the date beyond which the use of the Screen Rate will be prohibited or the date on which the administrator of the Screen Rate permanently or indefinitely ceases to provide the Screen Rate or the date beyond which the Screen Rate may no longer be used.

5.2.2 Each Party acknowledges and agrees for the benefit of the other Party that if a Screen Rate Replacement Event occurs and in order to preserve the economic balance of this Agreement,

the Lender may replace the Screen Rate with another rate (the "Replacement Benchmark") which may include an adjustment margin in order to avoid any transfer of economic value between the Parties (if any) (the "Adjustment Margin") and the Lender will determine the date from which the Replacement Benchmark and, if any, the Adjustment Margin shall replace the Screen Rate and any other amendments to the Agreement required as a result of the replacement of the Screen Rate by the Replacement Benchmark.

- 5.2.3 The determination of the Replacement Benchmark and the necessary amendments will be made in good faith and taking into account, (i) the recommendations of any Relevant Nominating Body, or (ii) the recommendations of the administrator of the Screen Rate, or (iii) the industry solution recommended by professional associations in the banking sector or, (iv) the market practice observed in a series of comparable financing transactions on the replacement date.
- 5.2.4 In case of replacement of the Screen Rate, the Lender will promptly notify the Borrower of the replacement terms and conditions to replace the Screen Rate with the Replacement Benchmark, which will be applicable to Interest Periods starting at least two Business Days after the Screen Rate Replacement Date.
- 5.2.5 The provisions of Clause 5.2 (Replacement of Screen Rate) shall prevail over the provisions of Clause 5.1 (Market Disruption).

6. FEES

6.1 Commitment fees

From September 1st 2020 onwards, the Borrower shall pay to the Lender a commitment fee of zero point five per cent (0.5%) per annum.

The commitment fee shall be computed at the rate specified above on the amount of the Available Credit pro-rated for the actual number of days elapsed increased by the amount of the Drawdown to be made available by the Lender in accordance with any pending Drawdown Request.

The first commitment fee shall be calculated for the period from (i) September 1st, 2020 (included) up to (ii) the immediately following Payment Date (included). Subsequent commitment fees shall be calculated for periods commencing on the day immediately following a Payment Date (included) and ending on the next Payment Date (included).

The accrued commitment fee shall be payable (i) on each Payment Date within the Availability Period; (ii) on the Payment Date following the last day of the Drawdown Period; and (iii) in the event the Available Credit is cancelled in full, on the Payment Date following the effective date of such cancellation.

6.2 Appraisal Fee

Prior to the Drawdown and no later than ninety (90) calendar days after the Signing Date, the Borrower shall pay to the Lender an appraisal fee of zero point five per cent (0.5%) calculated on the maximum amount of the Facility.

7. REPAYMENT

Following expiry of the Grace Period, the Borrower shall repay the Lender the principal amount of the Facility in twenty-eight (28) equal semi-annual instalments, due and payable on each Payment Date.

The first instalment shall be due and payable on September 16th, 2026 and the last instalment shall be due and payable on March 16th, 2040.

Commented [AG4]: @ MoF: based on a signature in May/June 2020

At the end of the Drawdown Period, the Lender shall deliver to the Borrower an amortisation schedule in respect of the Facility taking into account, if applicable, any potential cancellation of the Facility pursuant to Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*).

8. PREPAYMENT AND CANCELLATION

8.1 Voluntary prepayment

The Borrower shall not be entitled to prepay the whole or any part of the Facility prior to the expiration date of a ten (10) year period starting on the Signing Date.

As from the date referred to in the previous paragraph, the Borrower may prepay the whole or any part of the Facility, subject to the following conditions:

- (a) the Borrower shall notify the Lender of its intention to prepay by not less than thirty (30) Business Days' written and irrevocable notice prior to the contemplated prepayment date;
- (b) the amount to be prepaid shall be equal to one or several instalment(s) in principal;
- (c) the contemplated prepayment date shall be a Payment Date;
- (d) all prepayments shall be made together with the payment of accrued interest, any fees, indemnities and related costs in connection with the prepaid amount as provided under this Agreement;
- (e) there is no outstanding unpaid amount; and
- (f) in case of a part prepayment, the Borrower shall have given evidence, satisfactory to the Lender, that it has sufficient committed funding available for the purpose of financing the Program.

On the Payment Date on which the prepayment is made, the Borrower shall pay the full amount of the Prepayment Indemnities due and payable pursuant to Clause 9.3 (*Prepayment Indemnity*).

8.2 Mandatory prepayment

The Borrower shall immediately prepay the whole or part of the Facility upon receipt of a notice from the Lender informing the Borrower of any of the following events:

- (a) Illegality: it becomes unlawful for the Lender pursuant to its applicable law to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Facility;
- (b) Additional Costs: the amount of any Additional Costs referred to in Clause 9.5 (*Additional Costs*) is significant and the Borrower has refused to pay such Additional Costs;
- (c) Default: the Lender declares an Event of Default in accordance with Clause 13 (*Events of Defaults*).

In the case of each of the events specified in paragraphs (a), (b) and (c) above, the Lender reserves the right, after having notified the Borrower in writing, to exercise its rights as a creditor in the manner specified in paragraph (b) of Clause 13.2 (*Acceleration*).

8.3 Cancellation by the Borrower

Prior to the Deadline for Drawdown, the Borrower may cancel the whole or any part of the Available Credit by giving the Lender a three (3) Business Days' prior notice.

Upon receipt of such notice of cancellation, the Lender shall cancel the amount notified by the Borrower.

8.4 Cancellation by the Lender

The Available Credit shall be immediately cancelled upon delivery of a notice to the Borrower which shall be immediately effective, if:

- (a) the Available Credit is not equal to zero on the Deadline for Drawdown;
- (b) the Drawdown has not occurred on the expiry date of a fourteen (14) month period from approval of the Facility by the competent organs of the Lender, as mentioned in paragraph (C) of the Recitals;
- (c) an Event of Default has occurred and is continuing; or
- (d) an event referred to in Clause 8.2 (*Mandatory prepayment*) has occurred;

except where, in the case of paragraphs (a) and (b) of this Clause 8.4 (*Cancellation by the Lender*), the Lender has proposed to postpone the Deadline for Drawdown or the deadline for the Drawdown on the basis of new financial conditions which will apply to the Drawdown under the Available Credit and the Borrower has agreed on the proposition.

8.5 Restrictions

- (a) Any notice of prepayment or cancellation given by a Party pursuant to this Clause 8 (*Prepayment and Cancellation*) shall be irrevocable, and, unless otherwise provided in this Agreement, any such notice shall specify the date or dates on which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.
- (b) The Borrower shall not prepay or cancel all or any part of the Facility except at the times and in the manner expressly provided for in this Agreement.
- (c) Any prepayment under this Agreement shall be made together with payment of (i) accrued interest on the prepaid amount, (ii) outstanding fees, and (iii) the Prepayment Indemnity referred to in Clause 9.3 (*Prepayment Indemnity*) below.
- (d) Any prepayment amount will be applied against the remaining instalments in inverse order of maturity.
- (e) The Borrower may not re-borrow the whole or any part of the Facility which has been prepaid or cancelled.

9. **ADDITIONAL PAYMENT OBLIGATIONS**

9.1 Costs and expenses

- 9.1.1 If any significant amendment to this Agreement is required, the Parties shall enter into a consultation period of ten (10) Business Days in order to evaluate the amount of the relevant costs (including legal fees), reasonably incurred in responding to, evaluating, negotiating or complying with that requirement and which might be borne by the Borrower.

- 9.1.2 Parties shall reimburse to each other costs and expenses in connection with the enforcement of a final arbitral award rendered by the arbitration provided in Article 17 of this Agreement.

9.2 Cancellation Indemnity

If the Facility is cancelled in full or in part in accordance with the terms of Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*) paragraphs (a), (b) and (c), the Borrower shall pay a cancellation indemnity computed at two point five percent (2,5%) on the cancelled amount of the Facility.

Each cancellation indemnity shall be due and payable on the Payment Date immediately following a cancellation of all or part of the Facility.

9.3 Prepayment Indemnity

On account of any losses suffered by the Lender as a result of the prepayment of the whole or any part of the Facility in accordance with Clauses 8.1 (*Voluntary prepayment*) or 8.2 (*Mandatory prepayment*), the Borrower shall pay to the Lender an indemnity equal to the aggregate amount of:

- the Prepayment Compensatory Indemnity; and
- any costs arising out of the break of any interest hedging swap transactions put in place by the Lender in connection with the amount prepaid.

9.4 Taxes and duties

9.4.1 Registration costs

The Borrower shall pay directly, or, if applicable, reimburse the Lender in case of an advance made by the Lender, the costs of all stamp duty, registration and other similar taxes payable in respect of the Agreement and any potential amendment thereto.

9.4.2 Withholding Tax

The Borrower undertakes that all payments made to the Lender under this Agreement shall be free of any Withholding Tax.

If a Withholding Tax is required by law, the Borrower undertakes to gross-up the amount of any such payment to such amount which leaves the Lender with an amount equal to the payment which would have been due if no payment of Withholding Tax had been required.

The Borrower shall reimburse to the Lender all expenses and/or Taxes for the Borrower's account which have been paid by the Lender (if applicable), with the exception of any Taxes due in France.

9.5 Additional Costs

9.5.1 In this Clause, "**Additional Costs**" means:

- (i) any cost arising after the Signing Date out of one of the events referred to in paragraph 9.5.2 below and not taken into account by the Lender to compute the financial conditions of the Facility; or
- (ii) any reduction of any amount due and payable under this Agreement;

which is incurred by the Lender as a result of (i) making the Facility available to the Borrower or (ii) entering into or performing its obligations under the Agreement.

9.5.2 If the Lender incurs any Additional Cost as a result of: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation; or (ii) compliance with any law or regulation made after the Signing Date and intends to request its payment by the Borrower, the Lender shall notify such request to the Borrower (the "Lender's Notice").

9.5.3 Following the Lender's Notice, the Borrower and the Lender shall enter into a consultation period of ten (10) Business Days in order to evaluate the amount of the relevant Additional Costs and to find the decision on payment of such costs suitable for both Parties. If so requested by the Borrower, the Lender shall provide the Borrower with explanatory documents related to the Additional Costs object of the Lender's Notice. If the Parties fail to reach an agreement following the consultation period, the Borrower shall notify the Lender its refusal to pay the Additional Costs within twenty (20) Business Days following the reception of the Lender's Notice.

9.6 Currency indemnity

If any sum due by the Borrower under this Agreement, or any order, judgment or award given or made in relation to such a sum, has to be converted from the currency in which that sum is payable into another currency, for the purpose of:

- (i) making or filing a claim or proof against the Borrower; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall indemnify the Lender against and, within three (3) Business Days of the Lender's request and as permitted by law, pay to the Lender, the amount of any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between: (A) the exchange rate used to convert the relevant sum from the first currency to the second currency; and (B) the exchange rate or rate(s) available to the Lender at the time of its receipt of that sum. This obligation to indemnify the Lender is independent of any other obligation of the Borrower under this Agreement.

The Borrower waives any right it may have in any jurisdiction to pay any amount due under this Agreement in a currency or currency unit other than that in which it is expressed to be payable.

9.7 Due dates

Any indemnity or reimbursement payable by the Borrower to the Lender under this Clause 9 (*Additional Payment Obligations*) is due and payable on the Payment Date immediately following the circumstances which have given rise to the relevant indemnity or reimbursement.

Notwithstanding the above, any indemnity to be paid in connection with a prepayment pursuant to Clause 9.3 (*Prepayment Indemnity*) is due and payable on the date of the relevant prepayment.

10. REPRESENTATIONS AND WARRANTIES

All the representations and warranties set out in this Clause 10 (*Representations and warranties*) are made by the Borrower for the benefit of the Lender on the Effective Date. All the representations and

warranties in this Clause 10 (*Representations and warranties*) are also deemed to be made by the Borrower on the date on which all of the conditions precedent listed in Part II of Schedule 4 (*Conditions Precedent*) are satisfied, on the date of the Drawdown Request, on the Drawdown Date and on each Payment Date, except that the repeating representations contained in Clause 10.9 (*No Misleading Information*) are deemed to be made by the Borrower in relation to the information provided by the Borrower since the date on which the representation was last made.

10.1 Power and authority

The Borrower has the power to enter into, perform and deliver this Agreement and to perform all contemplated obligations. The Borrower has taken all necessary action to authorise its entry into, performance and delivery of this Agreement.

10.2 Validity and admissibility in evidence

All Authorisations required:

- (a) to enable the Borrower to lawfully enter into, and exercise its rights and comply with its obligations under this Agreement; and
- (b) to make this Agreement admissible in evidence in the courts of the jurisdiction of the Borrower or in arbitration proceedings as defined under Clause 17 (*Governing Law, Enforcement and Choice of Domicile*),

have been obtained and are in full force and effect, and no circumstances exist which could result in the revocation, non-renewal or modification, in whole or in part, of any such Authorisations.

10.3 Binding obligations

The obligations expressed to be assumed by the Borrower under this Agreement comply with all laws and regulations applicable to the Borrower in its jurisdiction and are legal, valid, binding and enforceable obligations which are effective in accordance with their written terms.

10.4 No filing or stamp taxes

Under the laws of the jurisdiction of incorporation of the Borrower, it is not necessary that this Agreement be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar taxes or fees be paid on or in relation to this Agreement or the transactions contemplated therein.

10.5 Transfer of funds

All amounts due by the Borrower to the Lender under this Agreement whether as principal or interest, late payment interest, Prepayment Indemnity, incidental costs and expenses or any other sum are freely convertible and transferable.

This representation shall remain in full force and effect until full repayment of all sums due to the Lender. In the event that the repayment dates of the Facility are extended by the Lender, no further confirmation of this representation shall be necessary.

The Borrower shall obtain Euros necessary for compliance with this representation in due course.

10.6 No conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement do not conflict with any domestic or foreign law or regulation applicable to it, its constitutional documents (or any similar documents) or any agreement or instrument binding upon the Borrower or affecting any of its assets.

10.7 Governing Law and Enforcement

- (a) The choice of French law as the governing law of this Agreement will be recognised and enforced by the courts and arbitration tribunals in the jurisdiction of the Borrower.
- (b) Any judgment obtained in relation to this Agreement in a French court or any award by an arbitration tribunal will be recognised and enforced in the jurisdiction of the Borrower.

10.8 No Default

No Event of Default is continuing or is reasonably likely to occur.

No breach of the Borrower is continuing in relation to any other agreement binding upon it, or affecting any of its assets, which has, or is reasonably likely to have, a Material Adverse Effect.

10.9 No Misleading Information

All information and documents supplied by the Borrower to the Lender were true, accurate and up-to-date as at the date they were provided or, if appropriate, as at the date at which they are stated to be given and have not been varied, revoked, cancelled or renewed on revised terms, and are not misleading in any material respect as a result of an omission, the occurrence of new circumstances or the disclosure or non-disclosure of any information.

10.10 Pari Passu Ranking

The Borrower's payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors.

10.11 Origin of funds, Acts of Corruption, Fraud and Anti-Competitive Practices

The Borrower represents and warrants that:

- (i) the funds used for the implementation of the Program, other than those provided by the State, are not of Illicit Origin;
- (ii) the Program has not given rise to any Act of Corruption, Fraud or Anti-Competitive Practice.

10.12 No Material Adverse Effect

The Borrower represents and warrants that no event or circumstance which is likely to have a Material Adverse Effect has occurred or is likely to occur.

11. UNDERTAKINGS

The undertakings in this Clause 11 (*Undertakings*) take effect on the Effective Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

11.1 Compliance with Laws; Regulations and Obligations

The Borrower shall comply

- (a) in all respects with all laws and regulations to which it and/or the Program is subject, particularly in relation to all applicable procurement, environmental protection, safety and labour laws; and
- (b) with all of its obligations under this Agreement.

11.2 Authorisations

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation to enable it to perform its obligations under this Agreement and to ensure their legality, validity, enforceability and admissibility in evidence.

11.3 Implementation and Preservation of the Program

The Borrower shall:

- (i) implement the Program in accordance with the generally accepted safety principles and in accordance with technical standards in force; and
- (ii) maintain the Program assets in accordance with all applicable laws and regulations and in good operating and maintenance conditions, and use such assets in compliance with their purpose and all applicable laws and regulations.

11.4 Environmental and Social Responsibility

11.4.1 Implementation of environmental and social measures

In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“ILO”) and the international environmental laws and regulations applicable in the Borrower’s jurisdiction.

11.4.2 Environmental and social grievance management

- (a) The Borrower (i) confirms that it has received a copy of the ES Grievance Management Procedures and has acknowledged its terms, in particular with respect to actions that may be taken by the Lender in the event that a third party lodges a grievance, and (ii) acknowledges that the ES Grievance Management Procedures have, as between the Borrower and the Lender, the same contractually binding effect as this Agreement.
- (b) The Borrower expressly authorises the Lender to disclose to the Experts (as defined in the ES Grievance Management Procedures) and to parties involved in the compliance audit and/or dispute resolution procedure, the Program documents concerning environmental and social matters necessary for processing the environmental and social Grievance (as defined in the ES Grievance Management Procedures).

11.5 Pari Passu Ranking

The Borrower undertakes (i) to ensure that its payment obligations under this Agreement rank at all times at least *pari passu* with its other present and future unsecured and unsubordinated payment obligations; (ii) not to grant prior ranking or guarantees to any other lenders except if

the same ranking or guarantees are granted by the Borrower in favour of the Lender, if so requested by the Lender.

11.6 Monitoring Missions and Inspections

11.6.1 The Borrower hereby authorizes the Lender and its representatives to carry out monitoring missions, the purpose of which will be to assess the implementation of the Program on technical, financial and institutional aspects.

The Borrower shall co-operate and provide all reasonable assistance and information to the Lender and its representatives when carrying out such monitoring, the timing and format of which shall be determined by the Lender following consultation with the Borrower.

11.6.2 If a significant problem is identified regarding the implementation of the Program, and the Lender intends to carry-on an additional inspection out of scope of its standard monitoring missions, the Lender shall notify such request to the Borrower (the "Lender's Inspection Notice").

11.6.3 Following the Lender's Inspection Notice, the Lender shall determine the timing and format of such inspection following consultation with the Borrower. Such consultation period shall not exceed twenty (20) Business Days. The Borrower shall co-operate and provide all reasonable assistance and information to the Lender and its representatives when carrying out such inspection, and shall reimburse to the Lender for all costs reasonably incurred by the Lender in respect of a maximum of one inspection per year.

11.6.4 The Borrower shall retain and make available for monitoring missions and inspections by the Lender, all documents relating to the expenses of the Program for a period of ten (10) years from the date of the last Drawdown under the Facility.

11.7 Program Evaluation

The Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Program. This evaluation will be used to produce a performance report including information on the Program, such as: total amount and duration of the Facility, objectives of the Program, expected and actual performance of the Program, assessment of its relevance, efficiency, impact and viability/sustainability. The Borrower agrees on the publication of this performance report, in particular, on the Lender's Website.

11.8 Program Implementation

The Borrower shall:

- (i) ensure that any person, group or entity participating in the implementation of the Program is not listed on any Financial Sanctions List (including in particular the fight against terrorist financing); and
- (ii) not finance any supplies or sectors which are subject to an Embargo by the United Nations, the European Union or France.

11.9 Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices

The Borrower undertakes:

- (i) to ensure that the funds, other than those of State origin, used for the implementation of the Program will not be of an Illicit Origin;
- (ii) to ensure that the Program shall not give rise to any Act of Corruption, Fraud or Anti-Competitive Practice;
- (iii) as soon as it becomes aware of, or suspects, any Act of Corruption, Fraud or Anti-Competitive Practice, to inform the Lender without any delay;
- (iv) in the event referred to in paragraph (iii) above, or at the Lender's request if the Lender suspects that the acts or practices referred to in paragraph (iii) have occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the time period determined by the Lender; and
- (v) to notify the Lender without delay if it has knowledge of any information which leads it to suspect any Illicit Origin of any funds used for the implementation of the Program.

12. INFORMATION UNDERTAKINGS

The undertakings in this Clause 12 (*Information Undertakings*) take effect on the Effective Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

12.1 Financial Information

The Borrower shall supply to the Lender any information that the Lender may reasonably require in relation to the Borrower's foreign and domestic debt as well as the status of any guaranteed loans.

12.2 Progress Report

- (a) Until the technical end of the Program (expected on the 31st of December 2020), the Borrower shall supply to the Lender on a half-yearly basis a technical progress report in relation to the implementation of the Program (completion of the activities mentioned in the Policy Matrix) and a follow-up report of the Program's indicators.
- (b) Within three (3) months after the technical end of the Program, the Borrower shall supply to the Lender a general progress report.

12.3 Program Implementation

The Borrower shall supply to the Lender, promptly upon the Lender's request, any information or supporting document regarding the Program implementation.

12.4 Additional Information

The Borrower shall supply to the Lender:

- (a) promptly upon becoming aware of them, details of any event or circumstance which is or may be an Event of Default or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any);
- (b) promptly, details of any decision or event which might affect the organisation, completion or operation of the Program.

13. EVENTS OF DEFAULTS

13.1 Events of Default

Each of the events or circumstances set out in this Clause 13.1 (*Events of Default*) is an Event of Default.

(a) Payment Default

The Borrower does not pay on the due date any amount payable by it under this Agreement in the manner required under this Agreement. However, without prejudice to Clause 4.3 (*Late payment and default interest*), no Event of Default will occur under this paragraph (a) if such payment is made in full by the Borrower within five (5) Business Days of the due date.

(b) Undertakings and Obligations

The Borrower does not comply with any term of the Agreement, including, without limitation, any of the undertakings it has given pursuant to Clause 11 (*Undertakings*) and Clause 12 (*Information Undertakings*).

Save for the undertakings given pursuant to Clause 11.4 (*Environmental and Social Liability*), Clauses 11.8 (*Program Implementation*) and 11.9 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*) in respect of which no grace period is permitted, no Event of Default will occur under this paragraph (b) if the non-compliance is capable of remedy and is remedied within five (5) Business Days of the earlier of (A) the date of the Lender's notice of failure to the Borrower; and (B) the Borrower becoming aware of the breach, or within the time limit determined by the Lender in the case referred to in subparagraph (iv) of Clause 11.9 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*).

(c) Misrepresentation

A representation or warranty made by the Borrower in the Agreement, including under Clause 10 (*Representations and warranties*), or in any document delivered by or on behalf of the Borrower under or in relation to the Agreement, is incorrect or misleading when made or deemed to be made.

(d) Cross Default

- (i) Subject to paragraph (ii), any Financial Indebtedness of the Borrower is not paid on its due date or, if applicable, within any grace period granted pursuant to the relevant documentation.
- (ii) A creditor has cancelled or suspended its commitment towards the Borrower pursuant to any Financial Indebtedness, or has declared the Financial Indebtedness due and payable prior to its specified maturity, or requested prepayment in full of the Financial Indebtedness, in each case, as a result of an event of default or any provision having a similar effect (howsoever described) pursuant to the relevant documentation.
- (iii) No Event of Default will occur under this clause 13.1 (d) if the relevant amount of Financial Indebtedness or the commitment for Financial Indebtedness falling within paragraphs (i) and (ii) above is less than forty millions Euros (EUR 40,000,000) or its equivalent in any other currency (ies).

(e) Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement.

(f) **Material adverse change**

Any event (including a change in the political situation of the country of the Borrower) or any measure which have a Material Adverse Effect occurs or is likely to occur.

(g) **Authorisations**

Any Authorisation required for the Borrower in order to perform or comply with its obligations under this Agreement or required in the ordinary course of the Program is not obtained within the required timeframe or is cancelled or becomes invalid or otherwise ceases to be in full force and effect.

(h) **Judgments, rulings or decisions having a Material Adverse Effect**

Any judgment or arbitral award or any judicial or administrative decision affecting the Borrower has or is reasonably likely, to have a Material Adverse Effect, occurs or is likely to occur.

(i) **Suspension of free convertibility and free transfer**

Free convertibility and free transfer of any of the amounts due by the Borrower under this Agreement, or any other facility provided by the Lender to the Borrower or any other borrower of the jurisdiction of the Borrower, is challenged.

13.2 Acceleration

On and at any time after the occurrence of an Event of Default, the Lender may, without providing any formal demand or commencing any judicial or extra-judicial proceedings, by written notice to the Borrower:

- (a) cancel the Available Credit; and/or
- (b) declare that all or part of the Facility, together with any accrued or outstanding interest and all other amounts outstanding under this Agreement, are immediately due and payable.

Without prejudice to the above, in the event that an Event of Default occurs as set out in Clause 13.1 (*Events of Default*), the Lender reserves the right to, upon written notice to the Borrower, (i) suspend or postpone the Drawdown under the Facility; and/or (ii) suspend the finalisation of any agreements relating to other possible financial offers which have been notified by the Lender to the Borrower; and/or (iii) suspend or postpone any drawdown under any loan agreement entered into between the Borrower and the Lender.

13.3 Notification of an Event of Default

In accordance with Clause 12.3 (*Additional Information*), the Borrower shall promptly notify the Lender upon becoming aware of any event which is or is likely to be an Event of Default and inform the Lender of all the measures contemplated by the Borrower to remedy it.

14. ADMINISTRATION OF THE FACILITY

14.1 Payments

All payments received by the Lender under this Agreement shall be applied towards the payment of expenses, fees, interest, principal amounts or any other sum due under this Agreement in the following order:

- 1) incidental costs and expenses;
- 2) fees;
- 3) late-payment interest and default interest;
- 4) accrued interest;
- 5) principal repayments.

Any payments received from the Borrower shall be applied first in or towards payment of any sums due and payable under the Facility or under other loans extended by the Lender to the Borrower, should it be in the Lender's interest to apply these sums to such other loans, in the order set out above.

14.2 Set-off

Without prior approval of the Borrower, the Lender may, at any time, set-off due and payable obligations owed by the Borrower against any amounts held by the Lender on behalf of the Borrower or any due and payable obligations owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the prevailing currency exchange rate for the purpose of the set-off.

All payments made by the Borrower under the Agreement shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

14.3 Business Days

If a payment is due on a day which is not a Business Day, the due date for that payment shall be the next Business Day if the next Business Day is in the same calendar month, or the preceding Business Day if the next Business Day is not in the same calendar month.

During any extension of the Payment Date for a principal or unpaid amount under this Agreement, interest shall be payable on that amount during the extension period at the rate applicable on the original Payment Date.

14.4 Currency of payment

The currency of each amount payable under this Agreement is Euros, except as provided in Clause 14.6 (*Place of payment*).

14.5 Day count convention

Any interest, fee or expense accruing under this Agreement will be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days in accordance with European interbank market practice.

14.6 Place of payment

- (a) Any funds to be transferred by the Lender to the Borrower under the Facility will be paid to the Borrower's Account or any other account specifically designated for such purpose by the Borrower, provided that the Lender has given its prior consent on the selected bank.
- (b) The Borrower shall pay directly or, if applicable, reimburse the Lender in case of an advance made by the Lender, the amount of all costs and expenses in connection with the transfer of funds to, or for the account of, the Borrower from Paris to any other place agreed with the Lender, as well as any transfer fees and expenses in connection with the payment of all sums due under the Facility.
- (c) Any payment to be made by the Borrower to the Lender shall be paid on the due date by no later than 11:00 am (Paris time) to the following bank account:

RIB Code: 30001 00064 00000040235 03

IBAN Code: FR76 3000 1000 6400 0000 4023 503

Banque de France SWIFT code (BIC): BDFEFRPPCCT

opened by the Lender at the Banque de France (head office/main branch) in Paris or any other account notified by the Lender to the Borrower.

- (d) The Borrower shall request from the bank responsible for transferring any amounts to the Lender that it provides the following information in any wire transfer messages in a comprehensive manner and in the order set out below (the caption numbers are referring to SWIFT MT 202 and 103 protocol)

Principal: name, address, bank account number (field 50)

Principal's bank: name and address (field 52)

Reference: name of the Borrower, name of the Program, reference number of the Agreement (field 70)

- (e) All payments made by the Borrower shall comply with this Clause 14.6 (*Place of payment*) in order for the relevant payment obligation to be deemed discharged in full.

14.7 Payment Systems Disruption

If the Lender determines (in its discretion) that a Payment Systems Disruption Event has occurred or the Borrower notifies the Lender that a Payment Systems Disruption Event has occurred, the Lender:

- (a) may, and shall if requested by the Borrower, enter into discussions with the Borrower with a view to agreeing any changes to the operation and administration of the Facility as the Lender may deem necessary in the circumstances;
- (b) shall not be obliged to enter into discussions with the Borrower in relation to any of the changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, it has no obligation to agree to such changes; and
- (c) shall not be liable for any cost, loss or liability arising as a result of its taking, or failing to take, any actions pursuant to this Clause 14.7 (*Payment Systems Disruption*).

15. MISCELLANEOUS

15.1 Language

The language of this Agreement is English. If this Agreement is translated into another language, the English version shall prevail in the event of any conflicting interpretation or in the event of a dispute between the Parties.

All notices given or documents provided under, or in connection with, this Agreement shall be in English.

The Lender may request that a notice or document provided under, or in connection with, this Agreement which is not in English is accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory document of a company, legal text or other official document.

15.2 Certifications and determinations

In any litigation or arbitration arising out of or in connection with this Agreement, entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

Any certification or determination by the Lender of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15.3 Partial invalidity

If, at any time, a term of this Agreement is or becomes illegal, invalid or unenforceable, neither the validity, legality nor enforceability of the remaining provisions of this Agreement will in any way be affected or impaired.

15.4 No Waiver

Failure to exercise, or a delay in exercising, on the part of the Lender of any right under the Agreement shall not operate as a waiver of that right.

Partial exercise of any right shall not prevent any further exercise of such right or the exercise of any other right or remedy under the applicable law.

The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights and remedies under the applicable law.

15.5 Assignment

The Borrower may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under this Agreement without the prior written consent of the Lender.

The Borrower agrees that the Lender may assign or transfer any of its rights or obligations under this Agreement to any other third party, with the same conditions than those provided in the Agreement, and may enter into any sub-participation agreement relating thereto.

The Lender shall inform the Borrower in case of any transfer of its rights or obligations to any third party.

15.6 Legal effect

The Schedules annexed hereto and the recitals hereof form part of this Agreement and have the same legal effect.

15.7 Entire agreement

As of the Effective Date, this Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with this Agreement.

15.8 Amendments

No amendment may be made to this Agreement unless expressly agreed in writing between the Parties. The entry into force of any amendment to this Agreement will have to follow the same procedure as provided for the entry into force of this Agreement.

15.9 Confidentiality – Disclosure of information

- (a) The Borrower shall not disclose the content of this Agreement to any third party without the prior consent of the Lender except to any person to whom the Borrower has a disclosure obligation under any applicable law, regulation or judicial ruling.
- (b) Notwithstanding any existing confidentiality agreement, the Lender may disclose any information or documents in relation to the Program to: (i) its auditors, experts, rating agencies, legal advisers or supervisory bodies; (ii) any person or entity to whom the Lender may assign or transfer all or part of its rights or obligations under the Agreement; and (iii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Agreement.
- (c) Furthermore, the Borrower hereby expressly authorizes the Lender:
 - (i) to exchange with the French Republic for publication on the French government website pursuant to any request from International Aid Transparency Initiative; and
 - (ii) to publish on the Lender's Website;

information relating to the Program and its financing as listed in Schedule 6 (*Information that may be published on the French Government Website and the Lender's Website*).

15.10 Limitation

The statute of limitations of any claims under this Agreement shall be ten (10) years, except for any claim of interest due under this Agreement.

15.11 No hardship

Each Party hereby acknowledges that the provisions of article 1195 of the French Code civil shall not apply to it with respect to its obligations under this Agreement and it shall be not entitled to make any claim under article 1195 of the French Code civil.

16. NOTICES

16.1 In writing and addresses

Any notice, request or other communication to be given or made under or in connection with this Agreement shall be given or made in writing and, unless otherwise stated, may be given or made by fax or by letter sent by the post office to the address and number of the relevant Party set out below:

For the Borrower:

MINISTRY OF FINANCE OF GEORGIA

Address: 16 Gorgasali Street, 0114 Tbilisi, Georgia

Telephone: +995 32 2261450

E-mail: publicdebt@mof.ge

Attention: Public Debt Management Department

For the Lender:

AFD – PARIS HEAD OFFICE

Address: 5, rue Roland Barthes – 75598 Paris Cedex 12, France

Telephone: + 33 1 53 44 31 31

Facsimile: + 33 1 44 87 39 65

Attention: AFD Director - Eastern Europe, Middle East, Asia

or such other address, fax number, department or officer as one Party notifies to the other Party.

16.2 Delivery

Any notice, request or communication made or any document sent by a Party to the other Party in connection with this Agreement will only be effective:

- (a) if by fax, when received in a legible form; and
- (b) if by letter sent through the post office, when delivered to the correct address,

and, where a particular person or a department is specified as part of the address details provided under Clause 16.1 (*In writing and addresses*), if such notice, request or communication has been addressed to that person or department.

16.3 Electronic communications

- (a) Any communication made by one person to another under or in connection with this Agreement may be made by electronic mail or other electronic means if the Parties:

- (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Parties will be effective only when actually received in a readable form.

17. GOVERNING LAW, ENFORCEMENT AND CHOICE OF DOMICILE

17.1 Governing Law

This Agreement is governed by French law.

17.2 Arbitration

Any dispute arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration under the Rules of Arbitration of the International Chamber of Commerce applicable on the date of commencement of arbitration proceedings, by one or more arbitrators to be appointed in accordance with such Rules.

The seat of arbitration shall be Paris and the language of arbitration shall be English.

This arbitration clause shall remain in full force and effect if this Agreement is declared void or is terminated or cancelled and following expiry of this Agreement. The Parties' contractual obligations under this Agreement are not suspended if a Party initiates legal proceedings against the other Party.

For the avoidance of any doubt, the costs of conservatory or protective measures taken before any arbitral procedure shall be incurred by the Party against whom the final arbitral award has been rendered if this point is not covered by such arbitral award.

The Parties expressly agree that by signing the Agreement, the Borrower irrevocably waives all rights of immunity in respect of jurisdiction or execution on which it could otherwise rely provided, however, that immunity is not waived with respect to (i) present or future "premises of the mission" including any bank accounts as defined in the Vienna Convention on Diplomatic Relations signed in 1961, "consular premises" including any bank accounts as defined in the Vienna Convention on Consular Relations signed in 1963 or otherwise used by a diplomat or consular mission of Georgia or any agency or instrumentality thereof (except as may be necessary to effect service of process), (ii) property of a military character or under the control of a military authority or defence agency, (iii) property located in Georgia and dedicated to a public, governmental or cultural use (as opposed to a commercial use) or (iv) for the avoidance of doubt, (A) property of the National Bank of Georgia, whether or not held in a Georgian or a non-Georgian bank or any other financial institution, or (B) property located in Georgia of any type covered by Article 2¹ of the Law of Georgia on Enforcement Proceedings. Borrower reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

17.3 Service of process

Without prejudice to any applicable law, for the purposes of serving judicial and extrajudicial documents in connection with any action or proceedings referred to above, the Borrower irrevocably chooses its registered office as at the date of this Agreement at the address set out in Clause 16 (*Notices*) for service of process, and the Lender chooses the address “AFD HEAD OFFICE” set out in Clause 16 (*Notices*) for service of process.

18. **DURATION**

This Agreement shall enter into force on the date upon which the Georgian Parliament will have ratified the Agreement (the “Effective Date”) such ratification occurring not later than ninety (90) days after the Signing Date. This Agreement shall remain in full force and effect for as long as any amount is outstanding.

Notwithstanding the above, the obligations under Clause 15.9 (*Confidentiality – Disclosure of information*) shall survive and remain in full force and effect for a period of five (5) years after the last Payment Date; the provisions of Clause 11.4.2 (*Environmental and social grievance management*) shall continue to have effect whilst any grievance lodged under the ES Grievance Management Procedures is still being processed or monitored.

Executed in two (2) originals, in Tbilisi, on 2020.

BORROWER

GEORGIA

Mr. Ivane MATCHAVARIANI

Minister of Finance of Georgia

LENDER

AGENCE FRANÇAISE DE DÉVELOPPEMENT

Ms. Gaëlle ASSAYAG

Director for the South Caucasus

Co-signatory, His Excellency Mr. Diego COLAS, Ambassador of the French Republic to Georgia

SCHEDULE 1A – DEFINITIONS

Act of Corruption	<p>means any of the following:</p> <p>(a) the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or</p> <p>(b) the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity.</p>
Agreement	means this credit facility agreement, including its recitals, Schedules and, if applicable, any amendments made in writing thereto.
Anti-Competitive Practices	<p>means:</p> <p>(a) any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply;</p> <p>(b) any abuse by a company or group of companies of a dominant position within a domestic market or in a substantial part thereof; or</p> <p>(c) any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to prevent a company or one of its products from accessing the market.</p>
Authorisation(s)	means any authorisation, consent, approval, resolution, permit, licence, exemption, filing, notarisation or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act, or deemed granted if no answer is received within a defined time limit, as well as any approval and consent given by the Borrower's creditors.

Authority(ies)	means any government or statutory entity, department or commission exercising a public prerogative, or any administration, court, agency or State or any governmental, administrative, tax or judicial entity.
Availability Period	means the period from and including the Signing Date up to the Deadline for Drawdown.
Available Credit	means, at any given time, the maximum principal amount specified in Clause 2.1 (<i>Facility</i>) less: <ul style="list-style-type: none"> (i) the aggregate amount of any Drawdowns drawn by the Borrower; (ii) the amount of any Drawdown to be made pursuant to any pending Drawdown Request; and (iii) any portion of the Facility which has been cancelled pursuant to Clauses 8.3 (<i>Cancellation by the Borrower</i>) and/or 8.4 (<i>Cancellation by the Lender</i>).
Borrower's Account	means the account with the following details: <ul style="list-style-type: none"> • IBAN code: GE65NB0331100001150207 • Bank SWIFT code: BNLNGE22 opened in the name of the Borrower with the State Treasury, Ministry of Finance of Georgia.
Business Day	means a day (other than Saturday or Sunday) on which banks are open for general business in Paris, and which is a TARGET Day in the event that a Drawdown has to be made on such day.
Certified	means for any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Deadline for Drawdown	Means 31 December, 2020, date after which no further Drawdown may occur.
Drawdown	means a drawdown of all or part of the Facility made available by the Lender to the Borrower pursuant to the terms and conditions set out in Clause 3 (<i>Drawdown of Funds</i>) or the principal amount outstanding of such Drawdown which remains due and payable at a given time.
Drawdown Date	means the date on which a Drawdown is made available by the Lender.
Drawdown Period	means the period starting on the Drawdown Date up to and including the first of the following date:

	<p>(i) the date on which the Available Credit is equal to zero;</p> <p>(ii) the Deadline for Drawdown.</p>
Drawdown Request	means a request substantially in the form set out in Schedule Error! Reference source not found. (<i>Error! Reference source not found.</i>).
Effective Date	has the meaning given in Clause 18 (<i>Duration</i>) of this Agreement.
Embargo	means any sanction of a commercial nature aiming at prohibiting any import and/or export (supply, sale or transfer) of one or several goods, products or services going to and/or coming from a country for a given period as published and amended from time to time by the United Nations, the European Union or France.
ES Grievance Management Procedures	means the contractual terms contained in the Environmental and Social Grievance Management Procedures, which is available on the Website, as amended from time to time.
EURIBOR	means the inter-bank rate applicable to Euro for any deposits denominated in Euro for a period comparable to the Interest Period of the relevant Drawdown, as determined by the European Money Markets Institute (EMMI), or any successor thereto, at 11:00 am Brussels time, two (2) Business Days before the first day of the Interest Period.
Euro(s) or EUR	means the single currency of the member states of the European Economic and Monetary Union, including France, and having legal tender in such Member States.
Event of Default	means any event or circumstance set out in Clause 13.1 (<i>Events of Default</i>).
Facility	means the credit facility made available by the Lender to the Borrower in accordance with this Agreement up to the maximum principal amount set out in Clause 2.1 (<i>Facility</i>).
Financial Indebtedness	<p>means any financial indebtedness for and in respect of:</p> <ul style="list-style-type: none"> (b) any monies borrowed on a short, medium or long-term basis; (c) any amounts raised pursuant to the issue of bonds, notes, debentures, loan stock or any similar instruments; (d) any funds raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (e) any potential payment obligation that results from a guarantee, bond, or any other instrument.

Financial Sanctions List	<p>means the list(s) of persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and/or France.</p> <p>For information purposes only and for the convenience of the Borrower, who may rely on, the following references or website addresses:</p> <p>For the lists maintained by the United Nations, the following website may be consulted:</p> <p>https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list</p> <p>For the lists maintained by the European Union, the following website may be consulted:</p> <p>http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm</p> <p>For the lists maintained by France, the following website may be consulted:</p> <p>http://www.tresor.economie.gouv.fr/4248_Dispositif-National-de-Gel-Terroriste</p>
Fixed Reference Rate	means XXXpoint XX percent (XX%) per annum.
Fraud	means any unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower or a third party in order to obtain an illegitimate benefit.
Fraud against the Financial Interests of the European Community	means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, which has as effect the misappropriation or wrongful retention of funds or any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) misappropriation of such funds for purposes other than those for which such funds were originally granted.
Grace Period	means the period from the Signing Date up to and including the date falling seventy-two (72) months after such date, during which no principal repayment under the Facility is due and payable.
Illicit Origin	<p>means funds obtained through:</p> <p>(a) the commission of any predicate offence as designated in the FATF 40 recommendations Glossary under “<i>Designated categories of offences</i>” (http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf);</p> <p>(b) any Act of Corruption; or</p>

Commented [SV5]: @ MoF: to be determined a few days prior to the signature

	(c) any Fraud against the Financial Interests of the European Community, if or when applicable.
Index Rate	means the TEC 10 daily index, the ten-year constant maturity rate displayed on a daily basis on the relevant quotation page of the Reference Financial Institution or any other index which may replace the TEC 10 daily index. On the Signing Date, the Index Rate on XX XX 2020, is XXpoint XX per cent XX % per annum.
Interest Period(s)	means each period from a Payment Date (exclusive) up to the next Payment Date (inclusive). For each Drawdown under the Facility, the first interest period shall start on the Drawdown Date (exclusive) and end on the next successive Payment Date (inclusive).
Interest Rate	means the interest rate expressed as a percentage and determined in accordance with Clause 4.1 (<i>Interest Rate</i>).
Margin	Means zero point sixty per cent (0.60%) per annum.
Market Disruption Event	means the occurrence of one of the following events: <ul style="list-style-type: none"> (i) EURIBOR is not determined by the European Money Markets Institute (EMMI), or any successor thereto, at 11:00am Brussels time, two (2) Business Days before the first day of the relevant Interest Period; or (ii) before close of business of the relevant interbank market, two (2) Business Days prior to the first day of the relevant Interest Period, the Borrower receives notification from the Lender that (i) the cost to the Lender of obtaining matching resources in the relevant interbank market would be in excess of EURIBOR for the relevant Interest Period; or (ii) it cannot or will not be able to obtain matching resources on the relevant interbank market in the ordinary course of business to fund the relevant Drawdown for the relevant time period.
Material Adverse Effect	means a material and adverse effect on: <ul style="list-style-type: none"> (a) the Program, insofar as it would jeopardise the implementation and operation of the Program in accordance with this Agreement; (b) the business, assets, financial condition of the Borrower or its ability to perform its obligations under this Agreement; (c) the validity or enforceability of this Agreement; or (d) any right or remedy of the Lender under this Agreement.

Commented [SV6]: @ MOF: to be determined a few days prior to the signature

Outstanding Principal	means, in respect of any Drawdown, the outstanding principal amount due in respect of such Drawdown, corresponding to the amount of the Drawdown paid by the Lender to the Borrower less the aggregate of instalments of principal repaid by the Borrower to the Lender in respect of such Drawdown.
Payment Dates	means September 16 th and March 16 th of each year.
Payment Systems Disruption Event	<p>means either or both of:</p> <p>(a) a material disruption to the payment or communication systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by this Agreement to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or</p> <p>(b) the occurrence of any other event which results in a disruption (of a technical or system-related nature) to the treasury or payment operations of a Party preventing that, or any other Party:</p> <p>(i) from performing its payment obligations under this Agreement; or</p> <p>(ii) from communicating with the other Parties in accordance with the terms of this Agreement;</p> <p>and which (in either case) is not caused by, and is beyond the control of, either Party.</p>
Prepayment Compensatory Indemnity	<p>means the indemnity calculated by applying the following percentage to the amount of the Facility which is repaid in advance:</p> <p>if the repayment occurs prior to the 6th anniversary (exclusive) of the Signing Date: two point five per cent (2.5%);</p> <p>if the repayment occurs between the 6th anniversary (inclusive) and the 10th anniversary (exclusive) of the Signing Date: two per cent (2%);</p> <p>if the repayment occurs between the 10th anniversary (inclusive) and the 15th anniversary (exclusive) of the Signing Date: one point five per cent (1.5%);</p> <p>if the repayment occurs after the 15th anniversary (inclusive) of the Signing Date: one per cent (1%).</p>
Program	means the Program as described in Schedule 2 (<i>Program Description</i>).
Public Official	means (i) any holder of legislative, executive, administrative or judicial office whether appointed or elected, serving on permanent basis or otherwise, paid or unpaid, regardless of rank, or (ii) any other person defined as a public official under the domestic law of the Borrower's jurisdiction of incorporation, and (iii) any other person

Commented [AG7]: @ MoF: based on a signature in May/June 2020

	exercising a public function, including for a public agency or organisation, or providing a public service.
Rate Conversion	means the conversion of the floating rate applicable to all or part of the Facility into a fixed rate pursuant to Clause 4.1 (<i>Interest Rate</i>).
Rate Conversion Request	means a request from the Borrower substantially in the form attached as Schedule Error! Reference source not found. (Error! Reference source not found.).
Rate Setting Date	<p>means:</p> <p>I - in relation to any Interest Period for which an Interest Rate is to be determined:</p> <ul style="list-style-type: none"> (i) the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, provided that such date is at least two (2) full Business Days prior to said Wednesday; (ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, if such date does not at least two (2) full Business Days prior to the first Wednesday specified in paragraph (a) above. <p>II - in the case of a Rate Conversion:</p> <ul style="list-style-type: none"> (i) the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Rate Conversion Request from the Borrower provided such date is at least two (2) full Business Days before the first Wednesday; (ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Rate Conversion Request, if such date is not at least two (2) full Business Days prior to the first Wednesday.
Reference Financial Institution	means a financial institution chosen as a suitable reference financial institution by the Lender and which regularly publishes quotations of financial instruments on one of the international financial information networks according to the practices recognised by the banking industry.
Schedule(s)	means any schedule or schedules to this Agreement.
Signing Date	means the date of execution of this Agreement by all the Parties.

TARGET Day	means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer 2 (TARGET2) system, or any successor thereto, is open for payment settlement in Euros.
Tax(es)	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with a failure to pay or any delay in the payment of any such amounts).
Website	means the website of AFD (http://www.afd.fr/) or any other such replacement website.
Withholding Tax	means any deduction or retention in respect of a Tax on any payment made under or in connection with this Agreement.

SCHEDULE 1B - INTERPRETATION

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any reference to the “**Borrower**”, a “**Party**” or a “**Lender**” includes its successors in title, permitted assigns and permitted transferees;
- (c) any reference to the Agreement or other document is a reference to this Agreement or to such other document as amended, restated or supplemented and includes, if applicable, any document which replaces it through novation, in accordance with the Agreement;
- (d) a “**guarantee**” includes any *cautionnement*, *aval* and any *garantie* which is independent from the debt to which it relates;
- (e) “**indebtedness**” means any obligation of any person whatsoever (whether incurred as principal or as surety) for the payment or repayment of money, whether present, future, actual or contingent;
- (f) a “**person**” includes any person, company, corporation, partnership, trust, government, state or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
- (g) a “**regulation**” includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on this Agreement or on the rights and obligations of a Party;
- (h) a provision of law is a reference to that provision as amended;
- (i) unless otherwise provided, a time of day is a reference to Paris time;
- (j) The Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of this Agreement;
- (k) unless otherwise provided, words and expressions used in any other document relating to this Agreement or in any notice given in connection with this Agreement have the same meaning in that document or notice as in this Agreement;
- (l) an Event of Default is “continuing” if it has not been remedied or if the Lender has not waived any of its rights relating thereto;
- (m) a reference to a Clause or Schedule shall be a reference to a Clause or Schedule of this Agreement; and
- (n) words importing the plural shall include the singular and vice-versa.

SCHEDULE 2 - PROGRAM DESCRIPTION

I- Objective of the Program

The objective of the Program is to support the Georgian government's reform agenda on the social welfare sector. The final goal of the social welfare policy based loan (PBL) is to strengthen the social protection system of Georgia. Its immediate objectives are:

- To develop social support and solidarity system, looking at particularly vulnerable population groups (persons in disability situation, children under the state care, and children in street situation);
- To ensure affordable and quality health care, focusing on the purchasing function of the universal healthcare program, on strengthening mental health services and on improving the processes to fight against epidemic in line with the International Health Regulations;
- To optimize the resources allocated to Internally Displaced Persons (IDPs), accelerating the resettlement program, contributing to raising awareness on the need for a reform of the status based allocation, and developing programmes for vulnerable IDPs.

II- Scope of the Program

The scope of the Program is defined in the Indicative Policy Matrix (Schedule 3) which sets a series of prior actions to be implemented by the Georgian government in the context of the reform agenda. The matrix is composed of eight (8) policy objectives covering three (3) pillars:

- Pillar 1. To develop social support and solidarity system
 - Improve support to persons with disabilities by developing functional/social model of assessing and granting disability status in line with the UN Convention on the Rights of Persons with disabilities
 - Implement the second phase of deinstitutionalization for children with severe disabilities
 - Establish new services for children in street situation to protect their rights and promote their integration.
- Pillar 2. To ensure affordable and quality healthcare and promotion of healthy lifestyle
 - Improve effectiveness and efficiency of universal healthcare and other programs
 - Strengthen the Mental Health Services
 - Support the COVID-19 Emergency Response and Health Systems Preparedness
- Pillar 3. To optimize resources allocated to IDP needs
 - Accelerating the resettlement of IDPs living in Collapsing Collective Centers (the "CCCs") and closing down of such centers
 - Raising awareness about the necessity to reform the IDP allowance system
 - Identifying and assisting vulnerable IDPs

All prior actions are to be fulfilled for the Program to be considered complete. The technical aspects of the Program were developed for three (3) years duration (years 2018, 2019, and 2020). The present

policy based loan (PBL) is for the third year of the Program. The first two tranches of the Program have been disbursed respectively in January and December 2019. It is expected that the present tranche is the last one and will be agreed between AFD and Georgia and disbursed in 2020.

The Indicative Policy Matrix presented in Schedule 3 of Agreement has been updated to the satisfaction of both parties in order to take into account accomplishments of the Government of Georgia and changes in the context.

III- Monitoring of the Program

The monitoring of the Program will be carried out on the basis of the actions and result indicators presented in the Indicative Policy Matrix (see below). Regular consultations will be held with the Georgian authorities and other relevant stakeholders to ensure a close and updated monitoring of the Program.

Until the technical end of the Program, technical progress reports will be compiled by the Ministry of Finance of Georgia on a half-yearly basis, covering the implementation of the Program (progress in the completion of the activities mentioned on the Policy Matrix) and the Program's results indicators. These reports will be shared with AFD together with the agreed proof of completion for those actions that will be reported as completed.

SCHEDULE 3 - INDICATIVE POLICY MATRIX

The Policy Matrix may be subject to amendments and changes based on the discussions held between AFD and the Borrower.

Annexe 3: Matrice de politique publique 2020: Social Welfare Matrix						
Objectives	Responsible Government Entity	Prior action(s) 2018	Trigger action(s) 2019	Trigger action(s) 2020	Results (indicators, baseline, target)	Scope of TA
Pillar 1. To develop social support and solidarity system						
Improve support to persons with disabilities by developing functional/social model of assessing and granting disability status in line with the UN Convention on the Rights of Persons with disabilities	MoLHSA	The Government of Georgia in collaboration with its partners adapted assessment methodologies for assessing and granting disability status; Adaptation involved modification and addition of questions within the methodology to reflect local characteristics, as well as determination of qualifiers and ensure all person with disabilities (PwD) receive adequate assistance.	The GoG determined and trained professionals, who will be eligible to conduct the new assessment Second pilot project to test the new assessment methodology starts in Samtskhe Javakheti region.	Pilot project to test the new assessment methodology has been implemented in Adjara A.R The legal framework is elaborated to run pilot project. Changes in legal framework to roll out the methodology are prepared and validated with MOLHSA for submission to government approval;	System is ready to be launched Baseline (2017): > No methodology for assessment; > No trained professionals who may conduct assessment; > No legal basis for new methodology Target (2020): > New instrument created; > At least 20 professionals trained; > Legal framework prepared; > Children and adult methodology approved ;	
Implement the second phase of deinstitutionalization		A new specialized home care service for children with severe disabilities under the state care has opened in Tbilisi to provide high quality specialised services for 7 children.	Based on the experience gained from operating specialized home care services new relevant standards are approved by MOLHSA for children under state care with severe disabilities.	In order to maintain quality of services, monitoring of standards is conducted (including random inspections) by MOLHSA on a regular basis and recommendations are issued to generalise specialised home care service for children with severe disabilities under the state care.	Number of children with disabilities placed in alternative care (specialized care home service and foster care); Decreased number of children in big institutions (infant house): Baseline (2017): > 7 children in special care small group home; > 53 children in state institution (infants' house); > No standards for specialized care home service; Target (2020): > At least - 14 children in specialized care home service; > Children in state institution (infant	

					house) - maximum 45; > Standards approved, monitoring conducted and recommendations sent;	
Establish new services for children in street situation to protect their rights and promote their integration.		In the view of improving child protection and support mechanisms, a study is conducted (commissioned by UNICEF) to assess the scope, nature and root causes of children in street situation. Any gender dimension that would come out of the report will be analysed	Based on the study, the government proposes new standards to improve quality of services provided to children in street situation.	Standards are approved by the Government and monitoring is performed by MOLHSA to ensure quality control.	Number of street-children registered > Baseline (2017): 332 identified street children > Target (2020): 600 new children are identified over the period 2018-2019-2020 Number and % of children that have used day care centres and 24 hours service shelters: > Baseline (2017): 270 children, 81% > Target (2020): At least 540 children have used day care centers and 24 hours service shelters in 2018-2019-2020 representing at least 90% of the total number of new children identified over the period Number of children that are successfully removed from the streets > Baseline (2017): 26 > Target (2020): At least 80 children are successfully removed from the streets over the period 2018-2019-2020	
Pillar 2. To ensure affordable and quality healthcare and promotion of healthy lifestyle						
Improve effectiveness and efficiency of universal healthcare and other programs	MoLHSA	In the view of improving the effectiveness and efficiency of universal health care, the government has commissioned an external survey to identify groups of population that are not adequately covered and the main gaps of the existing health care system (e.g. geographical disparities, access to drugs and services, increasing costs, challenge in payment mechanisms, diverse quality of treatment, etc.)	Based on the evaluation, the government will elaborate strategic purchasing mechanisms (develop principles of contracting for purchasing services, continue selective contracting) in order to improve the effectiveness and efficiency of universal healthcare and other related health programs	Proposed strategic purchasing mechanisms are piloted and actions are taken to improve the effectiveness and efficiency of universal healthcare, with a particular attention to quality of care and cost containment methods By June 2020 - New tariffication on cardio surgery and emergency services is implemented - New contracting mechanism of primary health care services is started By December 2020	OOP on drugs: > Baseline (2016): 64% > Target (2021): 58% General government expenditure on health as percentage of current health expenditures (GGHE-D as percentage of CHE) > Baseline (2016): 38% > Target (2020): 40%	> effectiveness and efficiency of universal healthcare > quality of care > cost containment mechanisms

				<ul style="list-style-type: none"> - Draft of health care system development strategy and action plan are developed - Payment mechanisms (ratification) on Neurosurgery, ophthalmology and otorhinolaryngology services is implemented. - Preparatory work on DRG implementation process is continued in order to start piloting in 2021 and national wide implementation in 2022 		
Strengthen the Mental Health Services		<p>The government has commissioned a study, technically supported by WHO, to analyse current mental health services and patient rights protection mechanisms, with respect to international best practices and standards. The study also proposes recommendations on how to improve the current model and provide better services to the population.</p>	<p>Pioneer initiatives are implemented in line with the promotion of deinstitutionalization and the development of community based services (aligned with the national strategy of mental health adopted in 2014 by the Decree of Government of Georgia N762).</p> <p>Elaborated monitoring mechanisms for protection of Human rights is mental health institutions (public and private)</p>	<p>The Government of Georgia has prepared a mental health legislation according to EU legislation (the proposed legislation has been validated by GoG/Minister)</p> <p>By June 2020, draft amendments will be elaborated</p> <p>By December 2020, the draft law will be finalized and validated by the government</p>	<p>Budget dedicated to mental illnesses > Baseline (2017): 16,000,000 GEL > Target (2020): increase 20%</p> <p>Ensuring continuity of time-keeping outpatient services after hospitalization > Baseline (2017): 37% > Target (2020): 50%</p>	> EU mental health care and legislation
Support the COVID-19 Emergency Response and Health Systems Preparedness				<p>Emergency COVID-19 Response: The national health system is able to provide immediate support to enhance disease detection capacities through increasing surveillance capacities, provision of technical expertise, strengthening laboratory and diagnostic systems to ensure prompt case finding and local containment.</p> <p>Health Care Strengthening: The national health system strengthens essential health care service delivery to provide the best care possible for affected population.</p>	<p>Target 7 (seven) of public and private laboratories able to detect Covid-19 infected population by PCR method Target 3732(three thousand even hundred thirty two) of beds capacities dedicated to Covid-response 967(nine hundred sixty seven) of intensive care unit beds dedicated to severe cases</p>	
Pillar 3. To optimize resources allocated to IDP needs						

Accelerating the resettlement of IDPs living in Collapsing Collective Centers (the “CCCs”) and closing down of such centers	MoIDPs and LHSA	At least 20 CCCs have been closed, and IDP families lawfully living there (about 350) have been sustainably resettled in adequate housing over the last 12 month at the time of assessment.	IDP families (about 350) lawfully living in at least 20 additional CCCs have been sustainably resettled in adequate housing over the last 12 month at the time of assessment.	IDP families (about 350) lawfully living in at least 20 additional CCCs have been sustainably resettled in adequate housing over the last 12 month at the time of assessment. By June 2020, the Ministry will prepare an intermediary note presenting the number of families which have already been resettled.	Policy objective: all IDPs are living in housings, which are safe for their lives and health Baseline: about 2,500 IDP families are living in 110 CCCs (2018) Target: By the end of 2020, at least 1,050 (42%) IDP families, who are lawfully living in CCCs in 2018, have been sustainably resettled in adequate housing.	
Raising awareness about the necessity to reform the IDP allowance system	MoIDPs and LHSA	An awareness raising campaign has been planned by MRA with technical support of UNHCR and at least 15 consultation and information meetings have been rolled out involving relevant stakeholders, especially IDPs and their representatives (CSOs).	In order to make IDP monthly allowance better tailored to IDP needs the government of Georgia will continue in 2019 consultations with wider groups of the society, especially with IDPs, with the purpose to elaborate an acceptable IDP monthly allowance model. Within the framework of this consultation process, an IDP survey is also carried out by the GoG. At the end of the campaign, and based on collected feedbacks, a report is prepared by the GoG to assist an international consultant and the GoG in analysing the existing policy options for the IDP monthly allowance reform and elaborating new ones if necessary.	By June 2020: <ul style="list-style-type: none"> - The report on the consultation campaigns conducted in 2019/beg. 2020 is finalized. - Social and legal impact of the different reform scenarios has been assessed. - Based on this analysis, policy options have been further detailed and costed and the Ministry has been able to define the main outlines of the reform and which will serve as a basis for the draft law. By December 2020 : <ul style="list-style-type: none"> - The draft law for the reform is developed. - A draft Communication Strategy to support implementation of draft law is developed, with focus on involving in the information campaign relevant stakeholders, especially IDPs and their representatives (CSOs). 	Policy objective: Awareness of all relevant stakeholders is raised about the necessity to reform the IDP monthly allowance system Indicator Estimated percentage of IDPs well informed on the proposed reform (phone interview of a representative sample defined by MRA with basic questions on the logic of the reform) Baseline: <10 % (estimation to be confirmed) Target: at least 33 %	
Identifying and assisting vulnerable IDPs	MoIDPs and LHSA	A study has been carried out in order to identify vulnerabilities among IDPs, and particularly those who are not eligible to the TSA programme.	Based on the outcomes of the study and in parallel to elaborating an IDP monthly allowance policy option, an assistance program has been elaborated for such vulnerable IDPs, which might be affected by the reform and do not	The suggested assistance program is piloted with at least 200 vulnerable IDPs with a view to be up-scaled once the reform is adopted by the Parliament.	Policy objective: Better support is provided to vulnerable IDPs who are not eligible for TSA assistance. Baseline: Ministry of Internally Displaced Persons from the Occupied Territories,	Assessment of existing livelihood state programs with the perspective of vulnerable IDP

			<p>qualify for TSA, and presented to the Ministry. The target population has been identified and an estimative amount of beneficiaries is available.</p>	<p>More precisely, by June 2020:</p> <ul style="list-style-type: none"> - The action plan presenting the assistance program is adopted by the Government - Criteria for the selection process of the 200 eligible IDPs are finalized and adopted by the Ministry. <p>By December 2020:</p> <ul style="list-style-type: none"> - The selection Commission has selected the 200 eligible IDPs based on the adopted criteria - The program is put into place 	<p>Labour, Health and Social Affairs operates different programs, but none of it targets IDPs who are not eligible for TSA assistance.</p> <p>Target: Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs assists at least 200 vulnerable IDPs which might be terminated from receiving IDP monthly allowance, and which do not qualify for receiving the TSA</p>	<p>needs.</p> <p>Elaborating recommendations. Submitting of the recommendations to the Steering Committee and Inter-Ministerial Committee for consideration.</p> <p>International experiences on Active Labour Market Policies for vulnerable populations</p>
--	--	--	--	---	---	---

SCHEDULE 4 - CONDITIONS PRECEDENT

The following applies to all documents delivered by the Borrower as a condition precedent:

- if the document which is delivered is not an original but a photocopy, the original Certified photocopy shall be delivered to the Lender;
- the final version of a document which draft was previously sent to, and agreed upon by the Lender, shall not materially differ from the agreed draft;
- documents not previously sent and agreed upon, shall be satisfactory to the Lender.

PART I – CONDITIONS PRECEDENT TO BE SATISFIED ON THE SIGNING DATE

- (a) Delivery by the Borrower to the Lender of the following documents:
 - (i) a Certified copy of the Decree of the Government of Georgia on authorization of the Ministry of Finance of Georgia to sign the Agreement and on approving the terms and conditions of this Agreement, including the financial ones ;
 - (ii) a Certified copy of the Order of the Prime Minister of Georgia appointing Mr. Ivane Matchavariani as a Minister of Finance of Georgia n°306 dated 8th of September 2019;
 - (iii) a Certified copy of the passport of Mr. Ivane Matchavariani, Minister of Finance of Georgia together with his specimen of signature;
 - (iv) a certificate issued by a duly authorised representative of the Borrower listing the person(s) authorised to sign, on behalf of the Borrower, the Drawdown Requests and any certificate in connection with this Agreement and to take all other measures and/or sign all other necessary documents on behalf of the Borrower under this Agreement;
 - (v) a specimen of the signature of each person listed in the certificate mentioned in paragraph (iv) above; and
 - (vi) a letter duly signed by the Ministry of Finance confirming that the drawdown of the Facility will not breach any borrowing limit, or any other similar limit binding on the Borrower.
- (b) Delivery by a reputable law firm established in the jurisdiction of the Borrower and selected by the Lender of a draft legal opinion, in form and substance satisfactory to the Lender.

Commented [SV8]: @ MOF: still the decree in force?

PART II - CONDITIONS PRECEDENT TO THE DRAWDOWN

- (a) Delivery by the Borrower to the Lender of the following documents:
 - (i) a certified copy of the Resolution of the Parliament of Georgia relating to the ratification of the Facility Agreement;
 - (ii) a letter duly signed by the Ministry of Finance stating that the Facility Agreement is included in the “Registry of State Loan” of Georgia;
 - (iii) a letter duly signed by the Ministry of Finance confirming that the Facility is included in the Borrower’s relevant year’s budget;

- (iv) a technical progress report at the Drawdown Request date confirming completion of the prior actions agreed for the first half year 2020 and considered satisfying to the Lender.
- (b) Delivery by the Ministry of Justice of Georgia to the Lender of a duly executed legal opinion, in form and substance satisfactory to the Lender;
- (c) Delivery by a reputable law firm established in the jurisdiction of the Borrower and selected by the Lender of a signed legal opinion, in form and substance satisfactory to the Lender;
- (d) Payment by the Borrower to the Lender of all fees and expenses due and payable under this Agreement.

SCHEDULE 5A - FORM OF DRAWDOWN REQUEST

[on the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: [date]

Borrower's Name – Credit Facility Agreement n° [●] dated [●]

Drawdown Request n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n° [●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.

2. We irrevocably request that the Lender makes a Drawdown available on the following terms:

Amount: EUR 70,000,000

Interest Rate: *[fixed / floating]*

3. The Interest Rate will be determined in accordance with the provisions of Clause 4 (*Interest*) and Clause **Error! Reference source not found. (Error! Reference source not found.)** of the Agreement. The Interest Rate applicable to the requested Drawdown will be provided to us in writing and we accept this Interest Rate [(subject to the paragraph below, if applicable)], including when the Interest Rate is determined by reference to a Replacement Benchmark plus any Adjustment Margin as notified by the Lender following the occurrence of a Screen Rate Replacement Event.

[For fixed Interest Rate only:]-If the Interest Rate applicable to the requested Drawdown is greater than [●insert percentage in words] ([●]%), we request that you cancel this Drawdown Request.

4. We confirm that each condition specified in Clause 2.4 (*Conditions precedent*) is satisfied on the date of this Drawdown Request and that no Event of Default is continuing or is likely to occur. We agree to notify the Lender immediately if any of the conditions referred to above is not satisfied on or before the Drawdown Date.

5. The proceeds of this Drawdown should be credited to the following bank account:

(a) Name [of the Borrower]: [●]

(b) Address [of the Borrower]: [●]

(c) IBAN Account Number: [●]

(d) SWIFT Number: [●]

(e) Bank and bank's address [of the Borrower]: [●]

(f) Correspondent bank and account [●]

number of the Borrower's bank:

6. This Drawdown Request is irrevocable.
7. We have attached to this Drawdown Request all relevant supporting documents specified in Clause 2.4 (*Conditions precedent*) of the Agreement:

[List of supporting documents]

Yours sincerely,

.....

Authorised signatory of Borrower

SCHEDULE 5B - FORM OF CONFIRMATION OF DRAWDOWN AND RATE

[on Agence Française de Développement letterhead]

To: [the Borrower]

Date: [●]

Ref: Drawdown Request n° [●] dated [●]

Borrower's Name – Credit Facility Agreement n°[●] dated [●]

Drawdown Confirmation n°[●]

Dear Sirs,

8. We refer to the Credit Facility Agreement n°[●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
9. By a Drawdown Request Letter dated [●], the Borrower has requested that the Lender makes available a Drawdown in the amount of EUR 70,000,000, pursuant to the terms and conditions of the Agreement.
10. The Drawdown which has been made available according to your Drawdown Request is as follows:
 - Amount: Euros seventy MILLION (EUR 70,000,000)
 - Applicable interest rate: [●percentage in words] ([●]%) per annum [equal to the aggregate of the six-month EURIBOR (equal to [●]% per annum)¹ and the Margin]²
 - Drawdown Date: [●]

[For fixed-Interest Rate loans only]

For information purposes only:

- Rate Setting Date: [●]
- Fixed Reference Rate: [●percentage in words] ([●]%) per annum
- Effective global rate (per annum): [●percentage in words] ([●]%)
- Index Rate: [●percentage in words] ([●]%) per annum
- Index Rate on Rate Setting Date: [●percentage in words] ([●]%) per annum.]

¹ If the six-month EURIBOR is not available on the date of confirmation of drawdown due to the occurrence of a Screen Rate Replacement Event, the Replacement Benchmark, the precise terms and conditions of replacement of such Screen Rate with a Replacement Benchmark and the related total effective rates will be communicated to the Borrower in a separate letter.

² To be deleted in case of fixed Interest Rate.

[It being specified that the above Interest Rate may vary in accordance with the provisions of clauses **Error! Reference source not found. (*Error! Reference source not found.*)** and 5.2 (*Replacement of a Screen Rate*) of the Agreement.]³

Yours sincerely,

Authorised signatory of *Agence Française de Développement*

³ To be deleted in case of fixed Interest Rate.

SCHEDULE 5C - FORM OF RATE CONVERSION REQUEST

[on the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: *[date]*

Borrower's Name – Credit Facility Agreement n°[●] dated [●]

Rate Conversion Request n°[●]

Dear Sirs,

11. We refer to the Credit Facility Agreement n°[●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
12. Pursuant to Clause 4.1.3 (i) (*Conversion from a floating Interest Rate to a fixed Interest Rate*) of the Agreement, we hereby request that you convert the floating Interest Rate of the following Drawdown:
 - *[mention Drawdown amount and Drawdown date]*,into a fixed Interest Rate in accordance with the terms of the Agreement.
13. This rate conversion request will be deemed null and void if the applicable fixed Interest Rate exceeds [●*insert percentage in words*] [●%].

Yours sincerely,

.....

Authorised signatory of Borrower

SCHEDULE 5D - FORM OF RATE CONVERSION CONFIRMATION

[on Agence Française de Développement letterhead]

To: [the Borrower]

Date: [●]

Re: Rate Conversion Request n° [●] dated [●]

Borrower's Name – Credit Facility Agreement n°[●] dated [●]

Rate Conversion Confirmation n°[●]

Dear Sirs,

SUBJECT: Conversion from a floating Interest Rate to a fixed Interest Rate

14. We refer to the Credit Facility Agreement n°[●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
15. We refer also to your Rate Conversion Request dated [●]. We confirm that the fixed Interest Rate applicable to the Drawdown referred to in your Rate Conversion Request delivered in accordance with Clause 4.1.3 (i) (*Conversion from a floating Interest Rate to a fixed Interest Rate*) of the Agreement is:
 - [●]% per annum.
16. This fixed Interest Rate, calculated in accordance with Clause 4.1.1 (*Selection of Interest Rate*) will apply to the Drawdown referred in your Rate Conversion Request from [●] (effective date).
17. Further, we notify you that the effective global rate per annum of the Facility is [●]%.

Yours sincerely,

.....

SCHEDULE 6 - INFORMATION THAT MAY BE PUBLISHED ON THE FRENCH GOVERNMENT WEBSITE AND THE LENDER'S WEBSITE

1. Information regarding the Program

- Number and name in AFD's book;
- Description;
- Operating sector;
- Place of implementation;
- Expected starting date;
- Status of implementation updated on a semi-annual basis;

2. Information regarding the financing of the Program

- Kind of financing (loan, grant, co-financing, delegated funds);
- Principal amount of the Facility;
- Amount of the Facility which has been drawn down (updated as the implementation of the Program goes).

3. Other information

- Transaction information notice and/or sheet presenting the transaction attached to this Schedule.

SCHEDULE 6.1 TRANSACTION INFORMATION NOTICE

Policy based loan to support social protection in Georgia

Context and key strategic issues of the program

After gaining its independence in 1991, Georgia underwent a difficult political and economic transition which affected the health and social protection system.

A new social protection system was launched in 2006 with the introduction of the Targeted Social Assistance (TSA) system, which is a means-tested monetary transfer system. In 2015, Assessment methodology, score and benefit amounts have changed to reflect needs of the most vulnerable population – children. The programme was also supplemented with a child benefit, which is also means-tested. Currently, around 12% of the population benefits from this system.

Moreover, given the difficulties in accessing healthcare dispensed almost exclusively by private profit-making establishments, the government introduced a universal healthcare system (UHC) in 2013 integrating the state insurance programme which had been in place since 2007, initially intended for the most disadvantaged citizens. It now covers 90% of the population. The “out of the pocket” cost has fallen from 79% to 59% since its launch. However, the overall cost of the system is increasing significantly year on year while the quality of the healthcare does not appear to be benefiting from this financial commitment from the State.

Finally, the country has over 280,000 internally displaced persons (IDPs), originally from the Abkhazia and South Ossetia. IDPs are eligible for state benefits and also have a right to housing, which has resulted in many families being housed in former public buildings. Nevertheless, 53,000 families have not yet received government housing, and 10,000 of them are living in extremely difficult conditions. The population of IDPs is extremely mixed but the statutory nature of the benefits means that the most vulnerable families are not properly supported.

Program goals and content

This program aims to strengthen Georgia’s social protection system. It is structured around three pillars:

- **Pillar 1 – strengthening the social support and solidarity system:** this particularly targets those categories of the population which are extremely vulnerable and are poorly covered by the current social support system (disabled people, street children and children with serious disabilities).
- **Pillar 2 – improving the healthcare system and equality in accessing healthcare:** this involves supporting the gradual implementation of a strategic purchase plan for the universal healthcare system which will help to reduce the costs to the patient and improve the quality of care. The program will also focus on the treatment of mental illnesses by supporting the modernisation of services in compliance with European Union standards. In relation with the covid19 epidemic, new specific measures have been added in the 2020 matrix, in line with the International Health Regulations.
- **Pillar 3 – preparing the reform of the benefits system for IDPs and rehousing of families living in unsanitary collective housing:** the program will support (i) communication and consultation work in preparation for the reform of the statutory system to move towards a needs-based approach, (ii) the rehousing of families living in unsanitary collective housing, and (iii) the implementation of measures to assist vulnerable families who are set to lose the right to receive benefits (intermediate population).

Participants and procedure

AFD will assist by granting a policy based loan to Georgia, represented by its Ministry of Finance. This loan supports the third and last tranche of a three-year programme which will enable the implementation of the three pillars set out above structured around one public policy matrix.

Technical assistance will also be provided from AFD to Georgia, and will be coordinated by the agency Expertise France to the benefit of the Ministry of Internally displaced persons, labour, health and social affairs of Georgia.

Cost and funding

This programme took the form of a policy based loan of EUR 35M in 2018 and 2019 and of EUR 70M in 2020 funded by the AFD. A subsidy of EUR 500,000 from the Fund for Technical Expertise and Experience Transfer (FEXTE) has been approved for the technical cooperation programme to be carried out in 2018. A second subsidy of the same amount was granted in 2019 to provide support over the three years of the programme.

Main results expected

The main results expected from the programme are as follows:

- A strengthening of the social support and solidarity system for extremely vulnerable groups;
- More equal access to quality healthcare, especially for people suffering from mental illnesses;
- Better living conditions for vulnerable IDPs and a better overall understanding of the upcoming reform of statutory benefits.